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Attorney for Plaintiffs

IN THE UNITED STATES DISTRICT COURT
FOR THE
NORTHERN MARIANA ISLANDS

LI YING HUA, LI ZHENG ZHE and XU JING JI,) CASE NO. CV 05-0019

Plaintiffs,)

vs.)

JUNG JIN CORPORATION, a CNMI corporation,)
ASIA ENTERPRISES, INC., a CNMI corporation,)
PARK HWA SUN and KIM HANG KWON,)

Defendants.)

FINAL REPORT OF AUCTION
PROCEEDINGS;
REQUEST FOR APPROVAL OF
DISTRIBUTION

Date: none requested
Time: none requested
Judge: Hon. Alex R. Munson, Chief Judge

Plaintiffs' counsel, as the custodian of the property of Defendants seized by the United States Marshal pursuant to prior orders in aid of judgment in the above-captioned proceedings, hereby reports as follows:

1. By Second Order in Aid of Judgment issued by this Court on December 28, 2006, Plaintiffs' counsel was authorized to sell, at public auction, personal property of Defendants that had been seized by the United States Marshal.

2. As previously reported to the court in an Interim Report filed March 27, 2007, duly noticed public auctions of the personal property were held on February 24, February 25 and March 3, 2007.

3. Subsequent to the Interim Report, auctions of the remaining items of Defendants'

1 personal property were held on March 31, April 14, April 21 and May 5, 2007.

2 4. By a Third Order in Aid of Judgment issued by this Court on March 29, 2007, Plaintiffs'
3 counsel was authorized to sell, at public auction, Defendants' leasehold interest in Lot Number 056
4 H 14 located in Susupe, Saipan, CNMI, and the two vehicles of Defendants: a 2005 Toyota Tacoma
5 and a 2003 Kia Sorento.

6 5. Thereafter, on April 11, 2007, Plaintiffs' counsel filed a Notice of Public Sale with the
7 Court that an auction of the vehicles would commence on Saturday, April 21, 2007 at Lot Number
8 056 H 14 located in Susupe, Saipan, CNMI. *See* Notice of Public Sale, Doc # 157.

9 6. On the same day, April 11, 2007, Plaintiffs' counsel filed a Notice of Sale of Real Property
10 with the Court that an auction of Defendants' leasehold interest in Lot Number 056 H 14 would
11 commence on Saturday, April 21, 2007 at the subject property. *See* Notice of Sale of Real Property,
12 Doc # 158.

13 7. On April 12, 2007, Plaintiffs' counsel sent the Notice of Public Sale and Notice of Sale of
14 Real Property to Defendants and to the land owner, Rosa T. Maliti, by Certified Mail, Return Receipt
15 Requested. *See* Proof of Service, Doc # 159.

16 8. On April 13, 2007, Plaintiffs' counsel posted the Notice of Public Sale and Notice of Sale
17 of Real Property at the Commonwealth Superior Court in Susupe, Saipan and at the Department
18 of Labor in San Antonio, Saipan. *See* Proof of Publication, Doc # 160.

19 9. On April 13, 2007, Plaintiffs' counsel caused the Notice of Public Sale and Notice of Sale
20 of Real Property to be advertised in the *Saipan Tribune*, a newspaper of general circulation in the
21 Commonwealth. *See* Proof of Publication, Doc # 160.

22 10. On April 21, 2007, the undersigned held a duly noticed public auction of Defendants'
23 leasehold interest in Lot Number 056 H 14 and Defendants' two vehicles. At the auction, four
24 bidders, including the underlying land owner Rosa T. Maliti represented by Stephen J. Nutting,
25 attend and registered as potential bidders for Lot Number 056 H 14. The highest bid at the auction
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1 for the leasehold interest was \$35,000.00. Plaintiffs rejected the bid and announced that the auction
2 of the leasehold interest in Lot Number 056 H 14 would be continued to May 5, 2007.

3 11. The undersigned then, on April 21, 2007, conducted an auction of the 2005 Toyota
4 Tacoma. Three bidders bid on the vehicle, including Plaintiff Li Zheng Zhe. Plaintiff Li Zheng Zhe
5 had the winning bid in the amount of \$9,600.00. *See* attached Auction Bill of Sale.

6 12. The undersigned then, on April 21, 2007, conducted an auction of the 2003 Kia Sorento.
7 Only one bidder bid on the vehicle. Rufo Mafnas had the winning bid in the amount of \$7,550.00.
8 *See* attached Auction Bill of Sale.

9 13. On May 5, 2007, the undersigned commenced the continuation of the auction of
10 Defendants' leasehold interest in Lot Number 056 H 14. At the auction, three bidders, including the
11 underlying land owner Rosa T. Maliti represented by Stephen J. Nutting, attend and registered as
12 potential bidders. Kim Ki Sung had the highest bid at the auction for the leasehold interest in the
13 amount of \$48,000.00. Plaintiffs accepted the bid and on May 12, 2007, an Auction Bill of Sale was
14 issued to Kim Ki Sung upon payment in full of the auction purchase price. *See* attached Auction Bill
15 of Sale.

16 14. On May 14, 2007, the undersigned executed an assignment of Defendants' leasehold
17 interest in Lot Number 056 H 14 to Kim Ki Sung who assumed Defendants' obligations under the
18 lease. The assignment was duly recorded as Document Number 07-1049 with the Commonwealth
19 Recorder's Office, a copy of which is attached hereto.

20 15. On May 16, 2007, pursuant to an Order from the Court approving the sale, the
21 undersigned sold to Choi Seung San for the amount of \$2,000.00 all of Defendants' poker machines
22 and poker related equipment and accessories located at Lot Number 056 H 14. *See* attached Bill of
23 Sale.

24 16. To-date, all but a few remaining items have been sold at public auction. The remaining
25 items consisted of various Korean language books and compact discs, articles of used clothing,
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1 miscellaneous small household items and various papers and records of Defendants, all of which have
2 little if any monetary value and none of which were able to be sold during any of the seven days that
3 the public auction was conducted. Attached hereto is a Report of Auction Sales that has an itemized
4 accounting of the items sold at public auction, the dates of the auction sales and the amount of the
5 winning bids.

6 17. The total amount collected by the undersigned for sales at public auction of Defendants'
7 property, including Lot Number 056 H 14 and the two vehicles, is \$74,727.00 which consists of
8 \$65,107.00 in cash being held in the undersigned's Client Trust Account and \$9,620.00 of items
9 purchased by Plaintiffs with a credit towards their anticipated distribution after completion of the
10 auction sales.

11 18. The total costs of locating, obtaining the rights to seize and sell, seizing, securing,
12 preparing for auction, maintaining until public auction and selling at public auction is \$6,223.64.
13 Attached hereto is an itemized summary of the costs of the execution proceedings to-date with the
14 appropriate back up documentation where available. The costs include the actual cost to the
15 undersigned of manpower services to inventory items seized, to prepare the items for auction, and
16 for assistance with the auction proceedings themselves. Accordingly, pursuant to 7 C.M.C. §
17 4204(c), the undersigned should be allowed to deduct from the auction proceeds the amount of
18 \$6,223.64 as costs of the auctions.

19 19. The undersigned has spent in excess of 65.2 hours in assisting in the seizure and inventory
20 of the auction property, in preparing the auction property for public sale, in maintaining the auction
21 property, in conducting the seven days of public sales, in marketing and negotiating for the sale of
22 the poker machines and poker related equipment, in documenting public sales and preparing bills
23 of sale and in reporting the auction proceedings to the Court. See attached Statement. Although
24 much of the services rendered that the undersigned has characterized as "Auctioneer Services" are
25 legal services and possibly billed at a higher rate, for purposes of this Report and Request, the
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1 category of services rendered, if they had been rendered by the United States Marshal, would have
2 been billed at \$40.00 per hour. Accordingly, pursuant to 7 C.M.C. § 4204(c), the undersigned should
3 be allowed to deduct from the auction proceeds the amount of \$2,608.00 as auctioneer's fees.

4 20. The undersigned has also rendered at least 54.4 hours in legal services in removing liens
5 on the auction property that facilitated the eventual sale at public auction of the subject property
6 and consulting with Plaintiffs regarding the auction proceedings. *See* attached Statement. The
7 undersigned submits that a rate of \$200 per hour for such attorney time is reasonable based on the
8 Court's prior order of August 24, 2006 (Order Awarding Attorneys' Fees and Costs, Doc # 92).
9 Accordingly, pursuant to 7 C.M.C. § 4204(c), the undersigned should be allowed to deduct from the
10 auction proceeds the amount of \$ 10,880.00 as additional costs and fees of the auction sale.

11 21. The total auction proceeds of \$74,727.00, less the total fees and costs of the auction of
12 \$19,711.64, leaves a remainder of \$55,015.36 which should be applied to reduce the judgment in
13 their favor and against Defendants. The total judgment amount, without accrued interest and before
14 the application of any net proceeds from the auction, is \$209,789.55. *See* Judgment, August 24, 2006,
15 Doc # 93.

16 22. Plaintiffs respectfully request an order approving the distribution to Plaintiffs of the full
17 amount of the proceeds of the auction proceedings, \$74,727.00, with the application of \$55,015.36
18 to apply first towards any accrued interest on the judgment and then to reduce the judgment against
19 Defendants.

20 23. Plaintiffs waive any hearing on this request. A proposed order has been submitted
21 herewith.

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1 Respectfully submitted this 23rd day of May, 2007.

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3 /s/ Mark B. Hanson

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MARK B. HANSON

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12 Attorney for Plaintiffs
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was deposited in the United States Post Office,
first class mail, postage prepaid, addressed to the following:

Jung Jin Corporation
P.O. Box 503428
Saipan, MP 96950
(670) 235-4321

Park Hwa Sun
P.O. Box 503428
Saipan, MP 96950
(670) 235-4321

Asia Enterprises Inc.
P.O. Box 503448
Saipan, MP 96950
(670) 235-4321

Kim Hang Kwon
P.O. Box 503448
Saipan, MP 96950
(670) 235-4321

DATED: May 23, 2007

/s/ Mark B. Hanson

MARK B. HANSON